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珠光控股

ZHUGUANG HOLDINGS

ZHUGUANG HOLDINGS GROUP COMPANY LIMITED

珠光控股集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1176)

**MAJOR TRANSACTION:
ACQUISITION OF 49% EQUITY INTEREST
OF THE TARGET**

The Board is pleased to announce that, after trading hours on 7 December 2020, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the SP Agreement in relation to the Acquisition.

THE SP AGREEMENT

Pursuant to the SP Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Interest, which represents 49% of the equity interest of the Target at the consideration of RMB900 million (equivalent to approximately HK\$1,038 million).

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition, standalone, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the relevant percentage ratio (as defined under the Listing Rules) in respect of the Acquisition, when aggregated with that of the Previous Acquisition, is more than 25% but less than 75%, the Acquisition, when aggregated with the Previous Acquisition, constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

** For identification purpose only*

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Acquisition may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting in the event the Company were to convene a general meeting for the approval of the Acquisition; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Acquisition.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, as no Shareholder has a material interest in the Acquisition, no Shareholder (including Rong De) is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition. Rong De, holding 4,825,791,289 Shares, representing approximately 67.08% of the issued share capital of the Company, has provided a written Shareholder's approval on the Acquisition. As such, no general meeting will be convened for approving the Acquisition pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Acquisition and information required to be disclosed under the Listing Rules will be despatched to the Shareholders on or before 29 December 2020.

Reference is made to the announcement of the Company dated 18 December 2019 in relation to the Previous Acquisition.

The Board is pleased to announce that, after trading hours on 7 December 2020, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the SP Agreement in relation to the Acquisition.

THE SP AGREEMENT

Major terms of the SP Agreement are set out below:

Date:

7 December 2020

Parties:

- (i) the Vendor as the vendor; and
- (ii) the Purchaser as the purchaser.

The Vendor is a company established in the PRC with limited liability and is principally engaged in project investments, trading, import and export of goods, marketing development and consultation, interior designs and decorations and business information consultation. Mr. Liao Tengjia, a 36% shareholder of Rong De (a controlling shareholder (within the meaning of the Listing Rules) of the Company), a deputy chairman of the Board and an executive Director, is considered to have significant influence in the Vendor, on the basis that he has been a consultant to the Vendor and had participated in the management discussions in the financial and operational aspects of the Vendor; and thus, the Vendor has been regarded as a related party of the Company under the Hong Kong Financial Reporting Standards adopted by the Company in the preparation of its financial statements. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

The Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Interest, which represents 49% of the equity interest of the Target. The information regarding the Target is set out in the section headed “Information about the Target” below.

Consideration

The Consideration is RMB900 million (equivalent to approximately HK\$1,038 million), which shall be payable by the Purchaser to the Vendor in cash within ten Business Days following the Completion Date.

Basis of Consideration

The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms after taking into account (i) the preliminary valuation of the Guangzhou Land as at 30 September 2020 of approximately RMB6,400 million (equivalent to approximately HK\$7,380 million) as assessed by an independent qualified valuer using the comparison method (“**Valuation**”); and (ii) 49% of the unaudited consolidated net asset value of the Target as at 30 September 2020 (as adjusted with reference to the Valuation) of approximately RMB1,985 million (equivalent to approximately HK\$2,289 million), which amounts to approximately RMB973 million (equivalent to approximately HK\$1,122 million).

Conditions precedent to Completion

Completion is conditional upon and subject to the following:

- (i) the procedures in relation to the change in industry and commercial registration pursuant to the transfer of the Sale Interest from the Vendor to the Purchaser having been completed (this Condition will be fulfilled only after the other Conditions have been fulfilled);
- (ii) the representations and warranties made by the Vendor (“**Vendor’s Warranties**”) under the SP Agreement being true, accurate and not misleading in all respects and with no material omission, and that no events have occurred that would result in any breach of such Vendor’s Warranties or any clauses of the SP Agreement as at the Completion Date;

- (iii) the transactions contemplated under the SP Agreement are not subject to any limitation or prohibition under any applicable law, jurisdiction, arbitral institutions, or any administrative decisions or orders of any governmental authority; and
- (iv) the Vendor and the Purchaser and/or the Company having obtained all necessary acknowledgements, consents and approvals in respect of the SP Agreement and the transactions contemplated thereunder, and such acknowledgements, consents and approvals having remained in full force and effect on the Completion Date.

The Purchaser may at any time prior to the Long Stop Date waive in writing Condition (ii), subject to any additional conditions which may be imposed by the Purchaser. Apart from Condition (ii), none of the Conditions is capable of being waived by the Purchaser or the Vendor.

If the above Conditions are not fulfilled by 5:00 p.m. on the Long Stop Date, the SP Agreement shall cease to have effect forthwith (save and except certain clauses as specified in the SP Agreement which shall continue to have full force and effect), and no party to the SP Agreement shall have any rights and obligations thereunder save for any accrued rights and obligations of the parties prior to the termination. In addition, the Vendor shall forthwith return any Consideration received to the Purchaser.

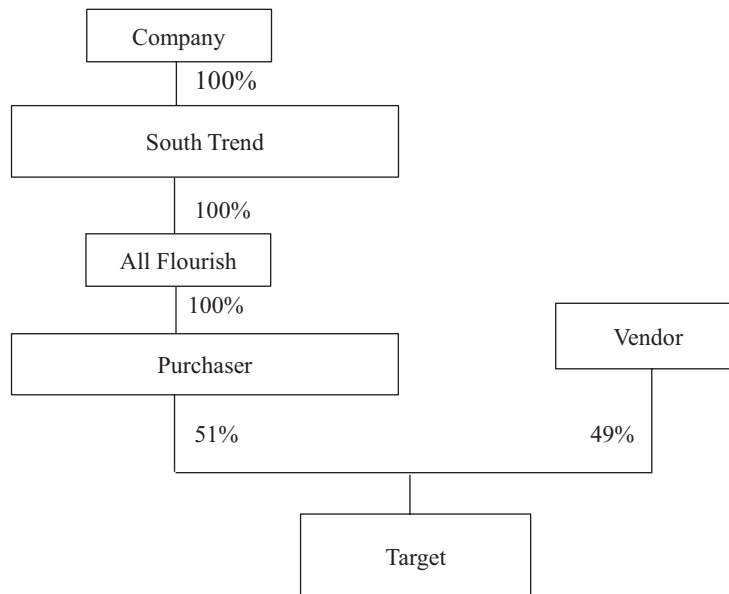
Completion

Subject to the fulfilment or waiver (as the case may be) of the Conditions, Completion shall take place on the Completion Date.

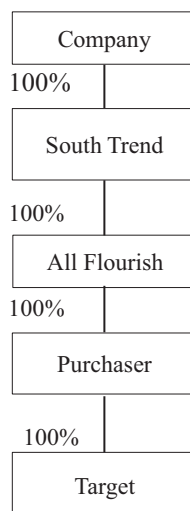
As at the date of this announcement, the Group owns 51% of the equity interest of the Target. Immediately after Completion, the Group will own 100% of the equity interest of the Target and the Target will become an indirect wholly-owned subsidiary of the Company.

INFORMATION ABOUT THE TARGET

To the best of the knowledge, information and belief of the Directors, the following diagram sets out the shareholding structure of the Target as at the date of this announcement:



Upon Completion, the shareholding structure of the Target will be as follows:



The Target

The Target is a company established in the PRC with limited liability and its principal business activity is property development. As at the date of this announcement, the equity interest of the Target is owned as to 51% by the Group and 49% by the Vendor. The Guangzhou Land is the principal asset of the Target, and can be used for commercial, tourism and entertainment uses for a term of 40 years expiring on 20 February 2058 and for composite and other uses for a term of 50 years expiring on 20 February 2068. The Guangzhou Land is planned to be developed into a commercial complex which comprises, without limitation, shopping malls, office premises and high-end apartment buildings.

As at the date of this announcement, the Target holds interests in the Project. The Project involves the development of the Guangzhou Land with a total site area of approximately 63,637 sq.m., which is being developed into buildings for office, apartment and commercial uses. The total gross floor areas (“GFA”) of the Project for sale and for development are approximately 352,158 sq.m. and 360,655 sq.m., respectively, and the Project comprises four phases of development. Phase I to Phase III of the Project are under construction as at the date of this announcement. While Phase I of the Project covering four blocks of apartment buildings (including a retail portion) with a total GFA available for sale of approximately 33,095 sq.m., which commenced pre-sale in July 2020, is scheduled to be completed in April 2022, the remaining phases of the Project with a total GFA available for sale of approximately 319,063 sq.m. are scheduled to be completed by May 2025. Details of the Guangzhou Land (which comprises Land A, Land B and Land C) and the Land (which comprises the Guangzhou Land as well as road use area and green land area) are as follows:

| | Land area (sq.m.) | GFA for development under the Project (sq.m.) | Usage | GFA for sale under the Project (sq.m.) |
|-----------------|------------------------------|--|--------------|---|
| Land A | 37,591 | 206,117 | Office | 67,191 |
| | | | Apartment | 112,405 |
| | | | Commercial | 13,762 |
| Land B | 15,235 | 116,698 | Office | 73,350 |
| | | | Apartment | 36,770 |
| | | | Commercial | 15,585 |
| Land C | 10,811 | 37,840 | Apartment | 30,996 |
| | | | Commercial | 2,099 |
| Sub-total | 63,637 | 360,655 | | 352,158 |
| Road use area | 30,798 | N/A | | N/A |
| Green land area | 12,965 | N/A | | N/A |
| Total | 107,400 | 360,655 | | 352,158 |

Set out below is certain unaudited financial information of the Target prepared in accordance with the generally accepted accounting principles of Hong Kong for the two financial years ended 31 December 2018 and 31 December 2019:

| | For the year ended 31 December 2018 <i>(unaudited)</i> <i>(approximately)</i> | For the year ended 31 December 2019 <i>(unaudited)</i> <i>(approximately)</i> |
|--------------------------|--|--|
| Net loss before taxation | RMB204,951,000 (equivalent to approximately HK\$236,331,000) | RMB136,249,000 (equivalent to approximately HK\$157,110,000) |
| Net loss after taxation | RMB204,951,000 (equivalent to approximately HK\$236,331,000) | RMB136,249,000 (equivalent to approximately HK\$157,110,000) |

The unaudited net assets and total assets of the Target as at 30 September 2020 were approximately RMB903 million (equivalent to approximately HK\$1,041 million) and approximately RMB4,839 million (equivalent to approximately HK\$5,580 million), respectively.

FINANCIAL EFFECT OF THE ACQUISITION ON THE GROUP

As at the date of this announcement, the Group holds 51% of the equity interest of the Target and the financial results of the Target are equity accounted for in the Group's consolidated financial statements as a joint venture. Upon Completion, the Target will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into those of the Group.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SP AGREEMENT

The Group is principally engaged in property development, property investment, project management and other property development related services in the PRC.

The Board is optimistic about the prospects of the property development business in the first-tier cities and the Guangdong-Hong Kong-Macao Greater Bay Area in the PRC. As the Guangzhou Land which is owned by the Target and planned to be developed for office, apartment, commercial, tourism and entertainment purposes through the Project is situated in Guangzhou City, the PRC, acquiring the remaining 49% equity interest in the Target will allow the Group to take full control of the Project and entirely own the Guangzhou Land. In addition, the Guangzhou Land, which is located at Huangpu Road East, Tianhe District, Guangzhou City, Guangdong Province, the PRC, has great potential for development given that it is near the Sanxi (三溪) Station of Guangzhou Metro Line No. 5 and within the scope of the planned Guangzhou International Financial Town* (廣州國際金融城) in Tianhe District, Guangzhou City, Guangdong Province, the PRC. In light of the Guangzhou Land's potential for development and its superior geographic location with convenient transportation available, the Board believes that the Acquisition represents a strategic opportunity for the Group to further develop and expand its property development business in Guangzhou City, the PRC.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition, standalone, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the relevant percentage ratio (as defined under the Listing Rules) in respect of the Acquisition, when aggregated with that of the Previous Acquisition, is more than 25% but less than 75%, the Acquisition, when aggregated with the Previous Acquisition, constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Acquisition may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting in the event the Company were to convene a general meeting for the approval of the Acquisition; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Acquisition.

** For identification purpose only*

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, as no Shareholder has a material interest in the Acquisition, no Shareholder (including Rong De) is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition. Rong De, holding 4,825,791,289 Shares, representing approximately 67.08% of the issued share capital of the Company, has provided a written Shareholder's approval on the Acquisition. As such, no general meeting will be convened for approving the Acquisition pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Acquisition and information required to be disclosed under the Listing Rules will be despatched to the Shareholders on or before 29 December 2020.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

| | |
|----------------|--|
| “Acquisition” | the acquisition of the Sale Interest by the Purchaser pursuant to the SP Agreement |
| “All Flourish” | All Flourish Investments Limited (通興投資有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day (excluding Saturday, Sunday and any public holiday) on which licensed banks in Hong Kong are open for business |
| “BVI” | British Virgin Islands |
| “Company” | Zhuguang Holdings Group Company Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Acquisition |

| | |
|-----------------------------|---|
| “Completion Date” | the Business Day following the date on which the Sale Interest has been legally and beneficially registered under the name of the Purchaser by the relevant PRC authority, or such later date as the Purchaser and the Vendor may agree |
| “Conditions” | the conditions precedent to which Completion is subject as set out in the paragraph headed “Conditions precedent to Completion” under the section headed “The SP Agreement” in this announcement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | the consideration of RMB900 million (equivalent to approximately HK\$1,038 million) payable by the Purchaser to the Vendor pursuant to the SP Agreement for the Acquisition |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Guangzhou Land” | collectively, Land A, Land B and Land C, which are all owned by the Target |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Parties” | parties who are third parties independent of the Company and its connected persons and their respective associates |
| “Land” | the land with a gross land area of approximately 107,400 sq.m., located at Huangpu Road East, Tianhe District, Guangzhou City, Guangdong Province, the PRC, which includes the Guangzhou Land |
| “Land A” | a portion of the Land with a gross land area of approximately 37,591 sq.m., which is owned by the Target |
| “Land B” | a portion of the Land with a gross land area of approximately 15,235 sq.m., which is owned by the Target |
| “Land C” | a portion of the Land with a gross land area of approximately 10,811 sq.m., which is owned by the Target |

| | |
|------------------------|---|
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 31 March 2021 (or such later date as the Purchaser and the Vendor may agree in writing) |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Previous Acquisition” | the acquisition of 1,000 shares of par value of US\$1.00 each in the share capital of All Flourish, representing 100% of the issued share capital of All Flourish, pursuant to the agreement dated 18 December 2019 and entered into between South Trend, Quan Xing Holdings Limited (荃興控股有限公司) and Mr. Cheung Fong Wing, details of which are set out in the Company’s announcement dated 18 December 2019 |
| “Project” | the property development project to be developed on the Guangzhou Land, in which the Target holds interests |
| “Purchaser” | Pacific Win Investments Limited (保鋒投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Rong De” | Rong De Investments Limited (融德投資有限公司), a company incorporated in the BVI with limited liability, being the controlling shareholder (within the meaning of the Listing Rules) of the Company |
| “Sale Interest” | 49% of the equity interest of the Target |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “SP Agreement” | the agreement dated 7 December 2020 and entered into between the Purchaser and the Vendor in relation to the Acquisition |

| | |
|------------------|---|
| “South Trend” | South Trend Holdings Limited (南興控股有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company |
| “sq.m.” | square metres |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target” | 廣州發展汽車城有限公司 (Guangzhou Development Automobile City Co., Ltd.*), a company established in the PRC with limited liability and is owned as to 51% by the Group and 49% by the Vendor as at the date of this announcement |
| “US\$” | United States Dollars, the lawful currency of the United States of America |
| “Vendor” | 廣東珠光集團有限公司 (Guangdong Zhuguang Group Company Limited*), a company established in the PRC with limited liability, the ultimate beneficial owners of which are Mr. Xie Bingzhao* (謝炳釗) and Mr. Zhu Gelang* (朱各亮) |
| “%” | per cent |

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.15311. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

On behalf of the Board
Zhuguang Holdings Group Company Limited
Chu Hing Tsung
Chairman

Hong Kong, 7 December 2020

As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) (Chairman), Mr. Liu Jie (Chief Executive Officer), Mr. Liao Tengjia (Deputy Chairman), Mr. Huang Jiajue (Deputy Chairman), Mr. Chu Muk Chi (alias Mr. Zhu La Yi) and Ms. Ye Lixia; and (ii) three independent non-executive Directors, namely Mr. Leung Wo Ping JP, Mr. Wong Chi Keung and Dr. Feng Ke.

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